

# Group Link Fixed Income Fund

## January 2017



### INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term.

### INVESTMENT STRATEGY

The Fund seeks to attain its objectives by investing in short term interest bearing instruments (such as deposits, SBI or money market mutual funds) and medium or long term interest bearing instruments (such as bonds and/or fixed income mutual fund).

### PERFORMANCE INDICATOR

#### Return Performance

Last 1-year Period	<b>11.04%</b>
Best Month	<b>5.82%</b> Jan-15
Worst Month	<b>-5.83%</b> Jun-13

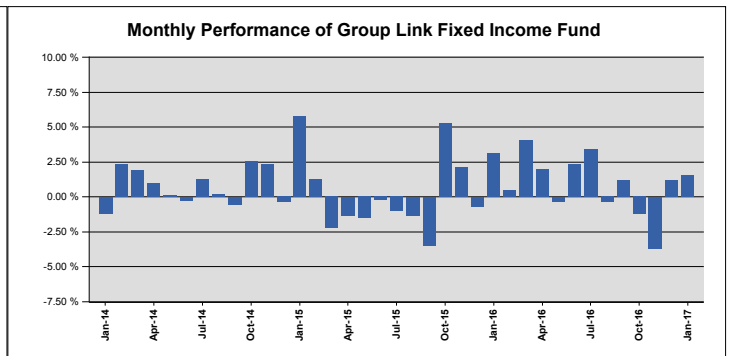
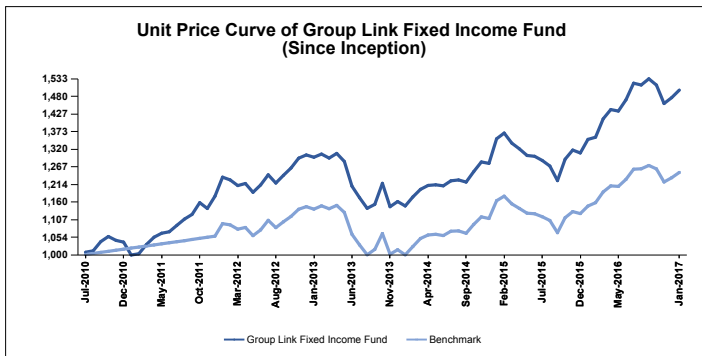
#### Portfolio Breakdown

Mutual Funds - Bonds	<b>88.73%</b>
Cash/Deposit	<b>11.27%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	<b>1.54%</b>	<b>-1.01%</b>	<b>-1.38%</b>	<b>11.04%</b>	<b>30.51%</b>	<b>1.54%</b>	<b>49.92%</b>
Benchmark*	<b>1.30%</b>	<b>-0.85%</b>	<b>-0.78%</b>	<b>8.85%</b>	<b>24.90%</b>	<b>1.30%</b>	<b>25.01%</b>

\*80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(Benchmark assessment; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Jan 2012: Average 1 Month Deposit of 1 State bank, 1 Local bank and 1 Foreign bank)



### KEY FUND FACTS

<b>Fund Size (in bn IDR)</b>	: IDR 116.05
<b>Risk Profile</b>	: Moderate
<b>Launch Date</b>	: 12 Jul 2010
<b>Fund Currency</b>	: Indonesian Rupiah
<b>Managed by</b>	: PT Asuransi Allianz Life Indonesia

<b>Pricing Frequency</b>	: Daily
<b>Price per Unit (As of Jan 31, 2017)</b>	: IDR 1,499.16

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jan 2017 inflation at 0.97% mom (vs +0.42% in Dec 2016), mostly was caused by higher vehicle registration fee and electricity tariff. On yearly basis, inflation was higher to 3.49% YoY (vs consensus 3.20%, 3.02% in Dec 2016). Core inflation printed at 3.35% YoY, higher from previous month (vs consensus 3.12%, 3.07% in Dec 2016). In the Board of Governors' Meeting on 18-19 Jan 2017, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.69% to 13,343/USD at end of Jan 2017 as opposed to 13,436/USD previous month. Trade balance booked a surplus of +US\$0.992bn (non-oil and gas surplus +US\$1.448bn, oil and gas deficit US\$-0.456bn) in Dec 2016. Export rose by +15.57% YoY mostly driven by mineral fuel exports, while imports rose by +5.82% YoY. Indonesia's gross domestic product (GDP) growth in Q4 2016 was at -1.77% qoq (vs consensus -1.80%, 3.20% last quarter), however expanded 5.02% yoy in FY2016 (vs consensus 5.02%, 4.88% FY2015).

IDR government bond yields closed lower all across the curve in Jan 2017 on the back of offshore inflows post hawkish tone from the Fed. Strong bid reflected as well on every auction that MoF held in Jan 2017. Positive sentiment came from domestic data of Dec FX reserved which the highest since April 2012 and above expectation Dec Trade Balance. However, cautious tone still in the air due the uncertainty condition of Trump's policy; most players preferred to shorten their duration. Offshore accounts increased their holding by IDR +19.7tn in Jan 2017 (+2.96% MoM), from IDR 665.81tn as of Dec 2016 to IDR 685.51tn as of Jan 2017, which brought their holding to 37.85% of total outstanding tradable government bond (from 37.55% in the previous month). The 5Y yield Jan 2017 ended -29bps lower to 7.29% (7.58% in Dec 2016), 10Y tenor ended -32bps lower to 7.65% (7.97% in Dec 2016), 15Y tenor ended -21bps lower to 7.99% (8.20% in Dec 2016) and 20Y tenor ended -2bps lower to 8.18% (8.20% in Dec 2016).